

**NYE-DT 34**



**Apache: Now That's an Gusher! -- Barron's Blog**

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Shares of Apache ( APA) are soaring today after the oil & gas driller announced a major oil find in the Delaware basin. Cowen's Charles Robertson and Shawn Lockman have the details:

Apache announced the discovery of the "Alpine High" which is located primarily in Reeves County of the Southern Delaware basin. This is primarily a wet gas play with an estimated resource potential of 75 TCF and 3 Bn bbls of oil in the Barnett and Woodford regions. The play covers 307,000 contiguous gross acres. This area was previously tested by industry for dry gas many years ago.

The company has boosted its capex guidance by \$200mm to \$2 Bn in order to reflect activity in this area and anticipates well costs to range from \$4 - \$6mm for 4,100 ft. laterals. The company anticipates a 4-5 rig program initially. 19 wells have currently been drilled in the play with an estimated 2k -- 3k additional locations expected for future development. Apache estimates that the Woodford and Barnett can support a 6-rig program for over 20 years...

The wells have strong economics compared to Apache's current US portfolio with returns comparable to other Tier 1 rich gas plays in our view. Infrastructure is the main constraint with Apache not able to sell gas until 2H17. This play adds \$3/sh to our NAV since we were already including some value for S Delaware.

Shares of Apache have jumped 8.6% to \$56.12 at 10:12 a.m. today, while the Energy Select Sector SPDR ETF ( XLE) has advanced 0.5% to \$70.44.

More at Barron's Stocks to Watch blog, <http://blogs.barrons.com/stockstowatchtoday/>

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